

FHA Section 223(a)(7) Mortgage Insurance for Multifamily & Affordable Housing Properties Refinance of existing FHA Insured Loans

The 223 (a)(7) Program is insured by the Federal Housing Administration (FHA) and provides multifamily and affordable housing properties a simplified, limited due diligence refinance for properties currently insured under an existing FHA Mortgage insurance program. This streamlined program is designed for borrowers to lower their interest rate and strengthen their debt service coverage through mortgage refinance.

Eligible Borrowers: All borrowers with existing FHA mortgages may apply under this program.

Loan Term: HUD may approve a term of up to 12 years beyond the remaining term of the existing mortgage, not to exceed the original term. A term extension request must be supported by a determination of the remaining economic life of the property.

Loan Amount: The lesser of: (1) Original principal amount of existing insured mortgage or (2) The unpaid principal amount of the existing insured mortgage plus loan closing charges (including prepayment penalties) associated with refinancing the mortgage, and costs of improvements, upgrades, or additions required to be made, as approved by HUD.

Interest Rate: Subject to market conditions, the fixed interest rate is set at initial closing.

Funding: Qualifies for Ginnie Mae government guaranteed mortgage-backed securities, direct placement or may be used to credit enhance tax-exempt or taxable bonds.

Timing: Processing may be completed within 90 days from submission of an accepted final application. Application is streamlined resulting in reduced requirements.

Personal Liability: None, FHA is non-recourse.

Fees: FHA application fee, inspection fee, lender fees and mortgage insurance premiums will be collected. Various third party reports may be required. All of these costs may be eligible for inclusion in the mortgage note and are reimbursable to client at closing.

Other:

- Replacement Reserve balance must be transferred in full at closing.
- Condensed list of exhibits for application submission, less than regular HUD application.
- Appraisal, Phase I Environmental Site Assessment and survey are NOT required in most instances.
- PCNA is required if one has not been completed within the past ten years or if seeking a term extension.
- Minimum Debt Service Coverage ratio of 1.11.

This is a general outline of the program requirements. For complete information and to determine how your property can benefit from this accelerated financing opportunity, please contact your Oppenheimer representative, or call (215)631-9151.